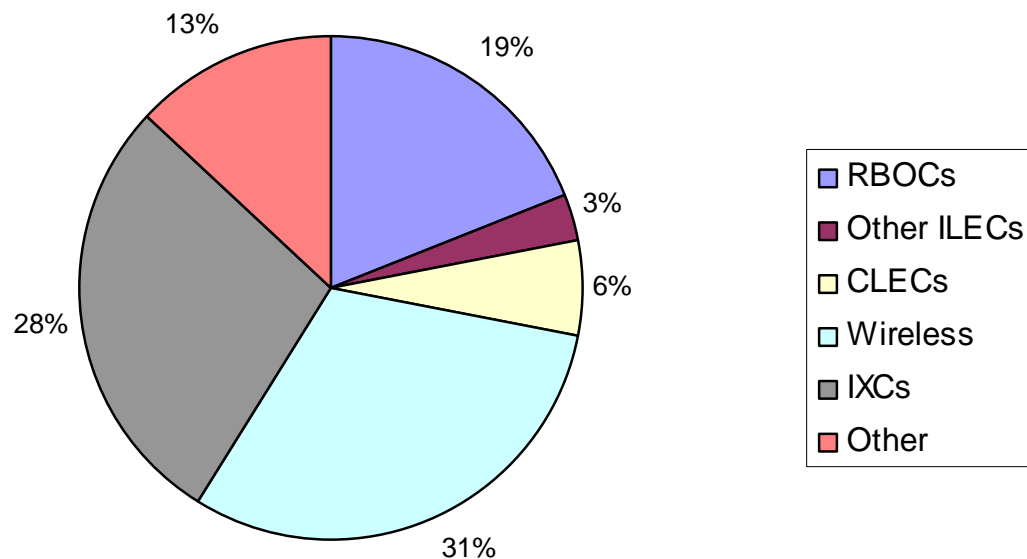


UNIVERSAL SERVICE CONTRIBUTION METHODOLOGY
CC DOCKET 96-45
EX PARTE PRESENTATION
MARCH 15, 2006
(MARCH 16, 2006, CORRECTED VERSION)

Current Percentage of Total USF Contributions by Company Type

* Data from FCC: http://www.fcc.gov/Bureaus/Common_Carrier/Reports/FCC-State_Link/IAD/quarterly_roll-upsasof031105.pdf

**Percentage of Total USF Contributions by Company Type
(Estimated 2Q 2005*)**



The CTIA USF Contribution Proposal

- “Numbers and Capacity-based” contribution methodology
- Switched connections would be based on working telephone numbers/equivalents; non-switched connections should be based on capacity units
- Wireless Family Plans & Corporate Plans: all but primary number would be discounted by 50%
- Wireless Month-to-Month Customers and Prepaid Wireless Customers would be discounted by 50%

The CTIA USF Contribution Proposal

- Broadband: residential, single-line business and mobile wireless broadband services associated w/single numbers would be discounted 50%
- Low-income: no assessment for Lifeline customer numbers

Analysis Assumptions

- Total Wireless Phones With Working NANP Numbers: 181,105,135
 - Source: FCC, Local Telephone Competition: Status as of 12/31/04, Released July 2005 (FCC Report)
- Total Landline Phones With NANP Working Numbers: 177,946,979
 - Source: FCC, Local Telephone Competition: Status as of 12/31/04, Released July 2005 (FCC Report)

Analysis Assumptions

Working Telephone Numbers

Wireless	181,105,135
RBOCs:	133,450,680
Other ILECs:	11,604,407
CLECs:	32,891,892
IXCs :	0
Other Providers:	0

The above totals came from, or were derived from, the FCC's Local Telephone Competition Report: Status as of 12/31/04, Released July 2005, (FCC Report) with the exception of the IXCs and Other Providers totals. The RBOC total was determined by taking the total working ILEC access lines of 145,055,087 from the FCC Report and multiplying this number by 98 percent. The Other ILEC total was determined by taking the total working ILEC access lines of 145,055,087 from the FCC Report and multiplying this number by 8 percent. Other ILECs serve approximately 8 percent of the Nation's access lines according to the Rural Task Force White Paper 2, The Rural Difference. Source: [Http://www.fcc.gov/wcb/universal_service/whitepaper2.pdf](http://www.fcc.gov/wcb/universal_service/whitepaper2.pdf)

Analysis Assumptions

- IXC's and "Other Providers" are assumed to rely on other underlying wireless or wireline carrier working telephone numbers
- "Other Providers" Include:
 - Payphone Service Providers
 - Shared Tenant Service Providers
 - Local Resellers, SMR (Dispatch)
 - Operator Service Providers (OSP)
 - Private Service Providers
 - Toll Resellers
 - Coaxial Cable
 - Paging & Messaging
 - Satellite Service Providers
 - Wireless Data Providers
 - Source 2006 FCC Form 499-A

Analysis Assumptions

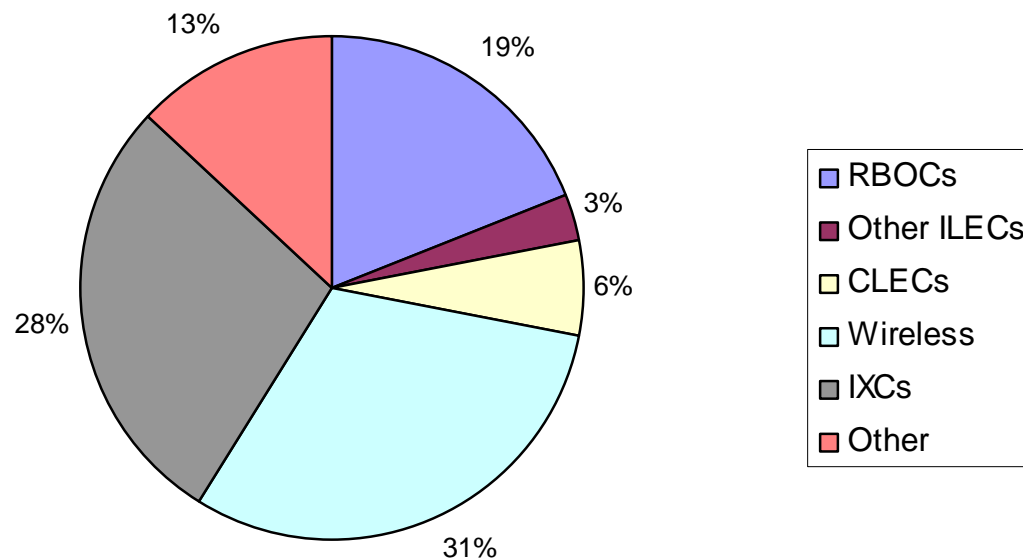
Full Funding of the of the FCC's Universal
Service Mechanisms Would Require

\$7 Billion Annually

Current Percentage of Total USF Contributions by Company Type

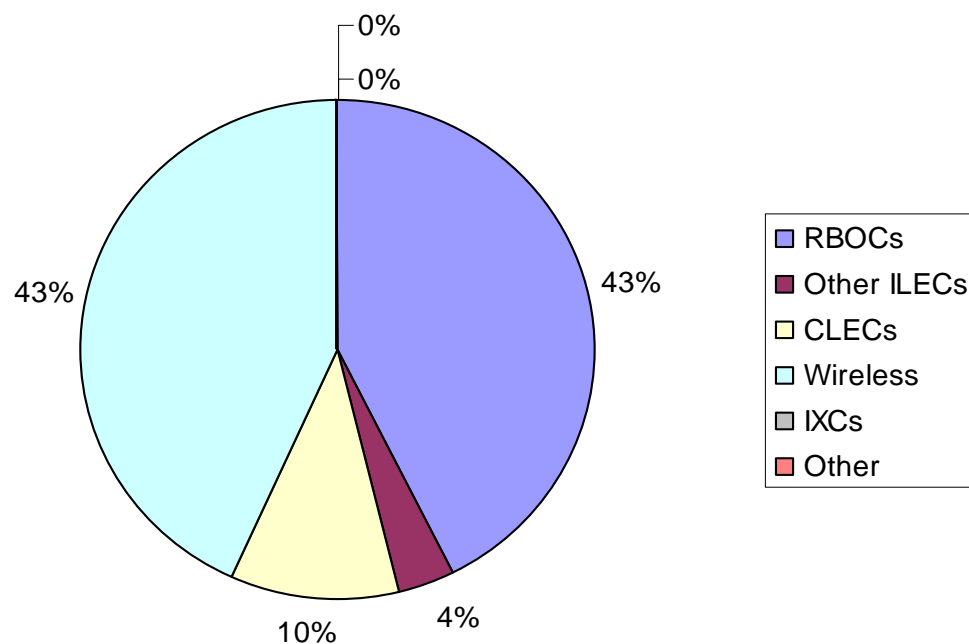
* Data from FCC: http://www.fcc.gov/Bureaus/Common_Carrier/Reports/FCC-State_Link/IAD/quarterly_roll-upsasof031105.pdf

**Percentage of Total USF Contributions by Company Type
(Estimated 2Q 2005*)**



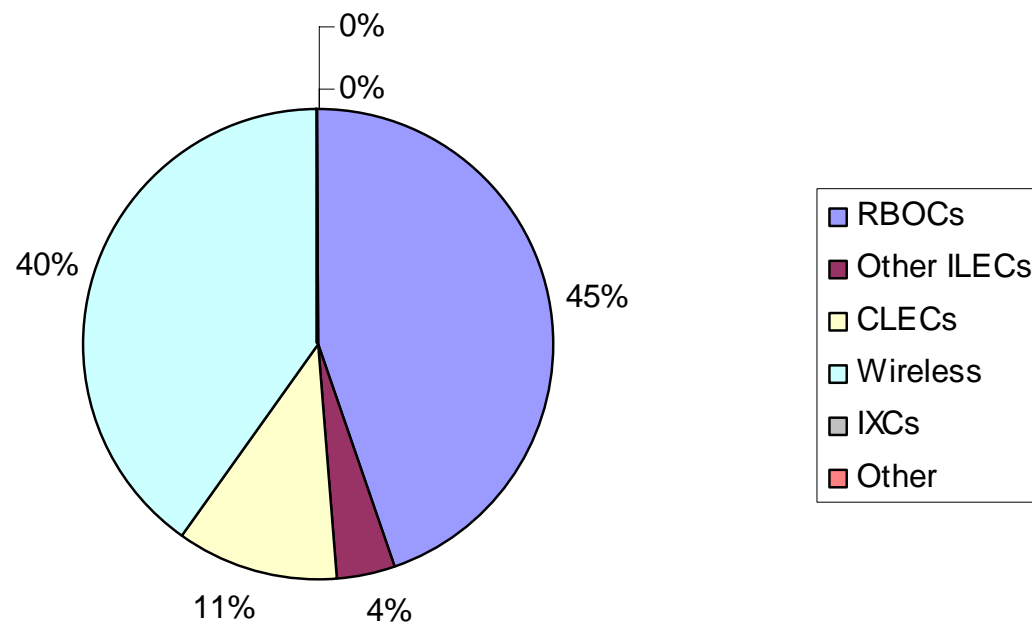
CTIA PROPOSAL ASSUMING 50% OF WIRELESS PHONES ARE RECEIVING THE 50% DISCOUNT UNDER EITHER A MONTH-TO-MONTH PLAN, PREPAID PLAN, FAMILY PLAN OR CORPORATE PLAN

**USF Contributions Under CTIA's Proposal:
1/2 of Wireless on 50% Discount**



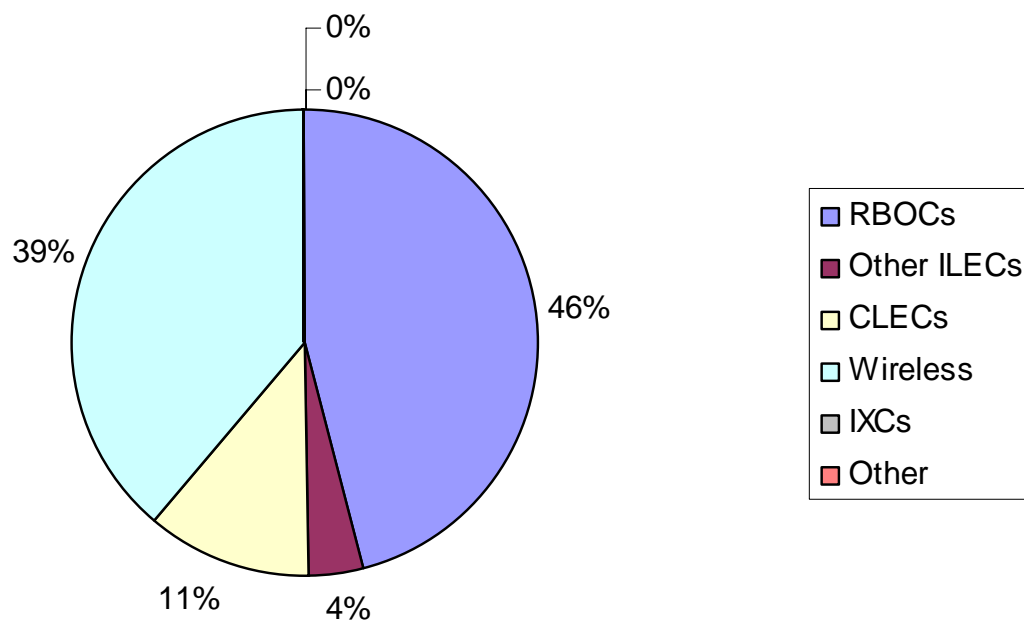
CTIA PROPOSAL ASSUMING 67% OF WIRELESS PHONES ARE RECEIVING THE 50% DISCOUNT UNDER EITHER A MONTH-TO-MONTH PLAN, PREPAID PLAN, FAMILY PLAN OR CORPORATE PLAN

**USF Contributions Under CTIA's Proposal:
2/3 of Wireless on 50% Discount**



CTIA PROPOSAL ASSUMING 75% OF WIRELESS PHONES ARE RECEIVING THE 50% DISCOUNT UNDER EITHER A MONTH-TO-MONTH PLAN, PREPAID PLAN, FAMILY PLAN OR CORPORATE PLAN

**USF Contributions Under CTIA's Proposal:
3/4 of Wireless on 50% Discount**



NTCA Recommendations

- The CTIA proposal would discriminate most severely against landline ILECs and CLECs and raise their USF contributions on a per customer basis substantially higher than wireless carriers and IXC.
- The CTIA proposal is not only discriminatory and inequitable towards landline providers, it is neither competitively neutral nor technology neutral.
- The Commission should reject the CTIA Proposal.

NTCA Recommendations

- The Commission should strive for a competitively neutral, equitable, and non-discriminatory USF contribution methodology that preserves and advances universal service.
- To achieve this end, the Commission should modify the existing revenue-based USF contribution mechanism by expanding the pool of USF contributors to include cable, wireless, electric, and satellite broadband Internet access providers.
- Providers of broadband transmission or other telecommunications services on a stand alone basis to affiliated or non-affiliated ISPs or end-users should be required to contribute on an equitable and non-discriminatory basis.

NTCA Recommendations

- All facilities-based and non-facilities based VoIP providers should also be required to contribute to the existing revenue-based USF mechanism.
- The Commission should also modify the existing revenue-based USF contribution mechanism by eliminating or raising the wireless carrier safe harbor provision.
- Eliminating or raising the wireless safe harbor and expanding the pool of contributors will ensure a sufficient and continuous revenue-base for the interstate universal service mechanisms and create a more level playing field in the rapidly evolving and increasingly competitive communications services market.

NTCA Recommendations

- The goals of universal service cannot be met without the broad support for the underlying networks that carry their VoIP as well as circuit switched traffic.
- Failing to position non-wireline broadband Internet access providers, VoIP providers, and wireless providers on equal footing with existing wireline USF contributors will continue to place existing wireline contributors at a distinct competitive disadvantage and further drain revenues from the existing USF contribution revenue assessment base.

NTCA Recommendations

- Without competitive neutrality, the disparate regulatory treatment of non-wireline broadband providers, VoIP providers and wireless providers will continue invite arbitrage and create false economic incentives that will undermine the very networks that make up the Public Communications Network (PCN).